Weekly Economic Review

Employment eases in January

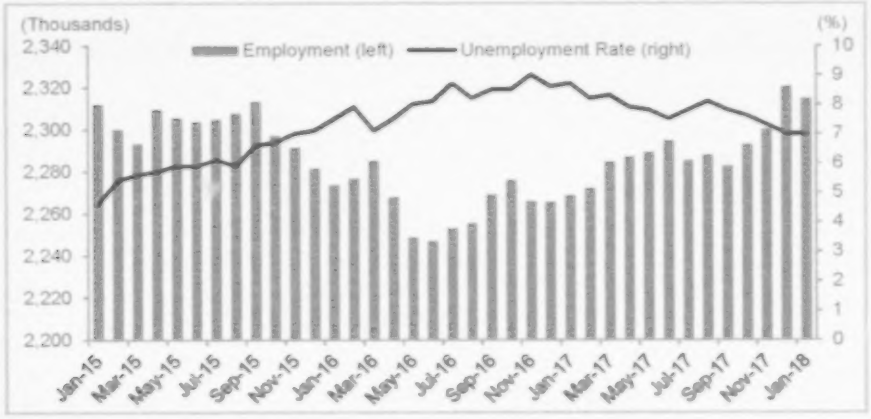
Employment

Part-time losses offset surge in full-time jobs

After ending 2017 on a strong note, the labour market gave back some the gains last month. Alberta lost 5,900 jobs in January following a surge of more than 20,000 in December (Chart 1). The job losses were driven by the continuing transition from part-time (-33,400) to full-time (+27,500) employment. On an industry basis, employment losses were mostly concentrated in construction (-6,200) and trade (-7,900) . Over the last year, Alberta has added 45,900 jobs, all in full-time positions and led by the private sector (+34,100). The unemployment rate remained unchanged at 7.0%.

Chart 1: Employment dips in January

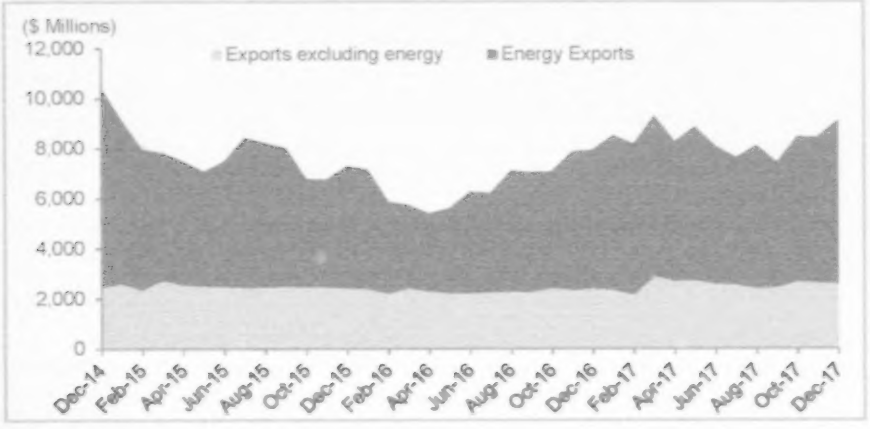
Alberta unemployment rate (SA) and employment level (SA)



Source: Statistics Canada

Chart 2: Higher prices and volumes lift energy exports

Alberta's merchandise exports



Source: Statistics Canada

Merchandise Trade

Exports return to three-year high

A boost in Alberta's energy exports lifted merchandise exports at the end of 2017. The value of merchandise exports increased 8.0% month-over-month (m/m) to $9.1 billion in December, the highest level since January 2015. The majority of the gains were in energy products (+12% m/m), which surged due to higher demand and prices of natural gas arising from unusually low temperatures in the US. Crude oil volumes also recovered slightly following a pipeline outage in the previous month. Non-energy products, on the other hand, fell 1.8% m/m as declines in farm and food products and consumer goods overshadowed an increase in chemicals and plastics. Overall in 2017, exports rebounded 27% to $100 billion, with contributions by both energy (+35%) and non-energy products (+11%).

Crude Oil Production

Synthetic production ramping up

A recently completed upgrader expansion in Alberta's oil sands continues to drive production growth. Alberta crude oil production increased by 2.1% m/m to reach a new high of 3.5 million barrels per day (Mbpd) in December. The completion of the Horizon Phase 3 upgrader boosted synthetic crude oil production (+13% m/m). Conventional oil also rose for the fourth consecutive month. Compared to the previous year, crude oil increased 10% year-over-year (y/y),

with gains across all crude types. Overall in 2017, Alberta production averaged 3.2 Mbpd, up 9.5% from 2016. Most of the annual gain was in non-conventional (+11%), split evenly between bitumen and synthetic. Conventional production (+3.6%) rebounded from a 2016 low, led by growth in condensate (+33%).

Housing Starts

Decent "starts" to 2018

Housing starts bounced back in January after dropping in December. Housing starts increased 8.8% m/m to a seasonally adjusted annual rate of 25,365 units. The monthly gain was led by apartment starts, which rebounded after posting the second weakest month in seven years to end 2017. Single starts remained steady (Chart 3). Regionally, gains in Edmonton and Calgary more than offset a small decline in other urban centres. While housing starts were up over 36% y/y, they were below the levels seen in the summer and fall of 2017.

New Housing Price Index

New home prices edge lower

Price for new homes slipped in December. Alberta's new housing price index (NHPI) declined 0.1% m/m (Chart 3). While land-only prices remained the same, house-only prices declined 0.2% m/m as Calgary prices dipped to a six-month low. Growth in NHPI has decelerated on an annual basis, partly reflecting slower growth in the house-only component.

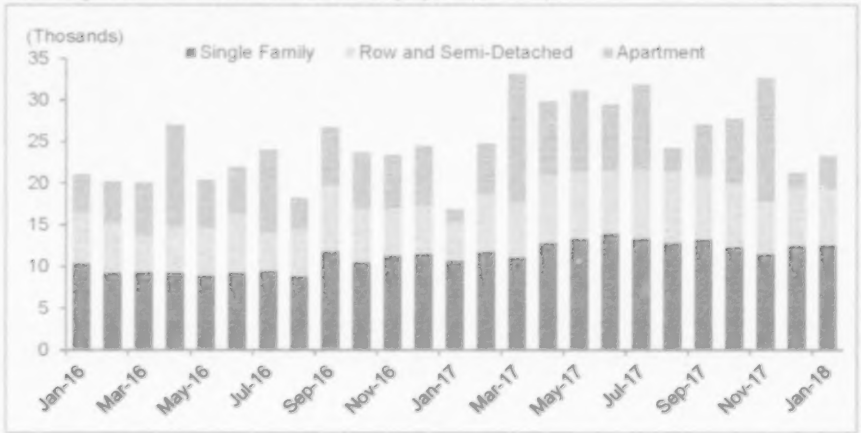
Building Permits

Permits drop in December

Construction intentions ended 2017 on a weak note. The seasonally adjusted value of Alberta building permits fell 11% m/m to $1.1 billion in December following an increase in November. The decline in Alberta building permits is due to a drop in non-residential permits (-32% m/m). The increase in residential permits (+6.3% m/m) to a four-month high moderated declines in the non-residential permits. Despite the monthly decline, building permits were up 36% y/y, lifted by increases in residential permits (+63% y/y). Overall in 2017, the average value of building permits in Calgary edged up 0.1% to $5.4 billion while Edmonton permits decreased 4.6% to $5.2 billion, largely reflecting the completion of Rogers Place Arena.

Chart 3: Apartment starts bounce back from low

Housing starts in 10,000+ centres, by type (SAAR*)

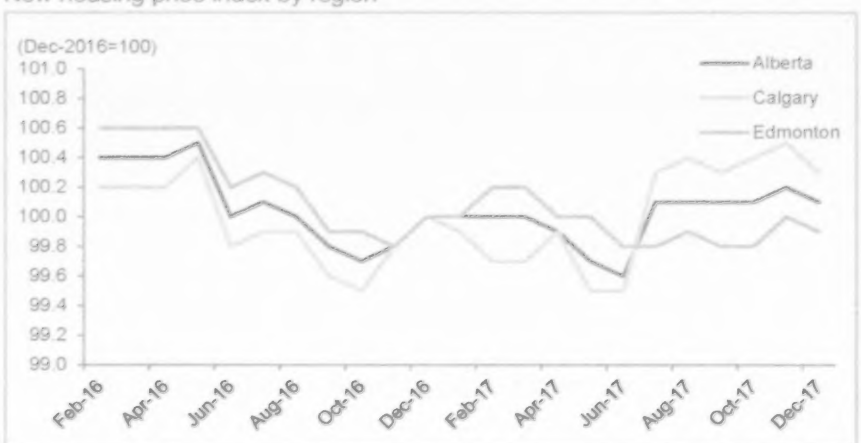


Source: Canada Mortgage and Housing Corporation

*SAAR is seasonally adjusted at annual rate

Chart 4: New home prices slip

New housing price index by region



Source: Statistics Canada

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Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.